



Substitute House Bill No. 6519

Public Act No. 05-158

AN ACT CONCERNING HEALTH CLUBS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 21a-216 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in this chapter:

(1) "Health club" means any corporation, partnership, unincorporated association or other business enterprise offering facilities for the preservation, maintenance, encouragement or development of physical fitness or well-being in return for the payment of a fee entitling the buyer to the use of such facilities. Such term [shall include, but not be] includes, but is not limited to, "health spas", "sports and health clubs", "tennis clubs", "racquet ball courts", "golf clubs", "platform tennis clubs", "gymnasiums", "figure salons", "health studios", "weight control studios", and any organization primarily operated for the purpose of teaching a particular form of self-defense or martial art, such as judo, karate or kung fu, but shall not include any establishment from which a buyer may only purchase or become obligated to purchase services to be rendered for a period of not more than [thirty days] one month and which does not collect more than [thirty days] one month's payment in advance of the

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rendering of such services, nonprofit organizations, any massage establishment, any private club owned and operated by its members or any facility operated by the state or any of its political subdivisions.

(2) "Business day" means any day except a Sunday or a legal holiday.

(3) "Health club contract" means an agreement by which a buyer is entitled to membership in a health club or use of the facilities of a health club. All health club contracts shall be in writing.

(4) "Buyer" means a person who enters into, or receives the benefit of, a health club contract.

(5) "Services actually received" includes any period during which the facilities of the health club are available to the buyer pursuant to the health club contract whether or not the buyer makes use of the facilities, except when the consideration paid for the health club contract is determined by the number of times the buyer makes use of the health club facilities. The facilities shall not be deemed to be available to the buyer if the buyer fails to make use of the health club facilities in reliance upon a statement or representation of an officer, employee or agent of the health club which would reasonably lead the buyer to conclude that his contract had been cancelled or that the facilities were not actually available for use by the buyer.

(6) "Disabled" and "disability" mean a condition which has existed or will exist for more than forty-five days which prevents a buyer from utilizing the health club to the same extent he utilized it before commencement of such condition.

(7) "Payment in advance" includes, but is not limited to, the payment of all service fees, initiation fees, application fees, maintenance fees or similar fees.

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Sec. 2. Section 21a-217 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Every contract for health club services shall provide that such contract may be cancelled within three business days after the date of receipt by the buyer of a copy of the contract, by written notice delivered by certified or registered United States mail to the seller or the seller's agent at an address which shall be specified in the contract. After receipt of such cancellation, the health club may request the return of contract forms, membership cards and any and all other documents and evidence of membership previously delivered to the buyer. Cancellation shall be without liability on the part of the buyer, except for the fair market value of services actually received and the buyer shall be entitled to a refund of the entire consideration paid for the contract, if any, less the fair market value of the services or use of facilities already actually received. Such right of cancellation shall not be affected by the terms of the contract and may not be waived or otherwise surrendered. Such contract for health club services shall also contain a clause providing that if the person receiving the benefits of such contract relocates further than twenty-five miles from a health club facility operated by the seller or a substantially similar health club facility which would accept the seller's obligation under the contract, or dies during the membership term following the date of such contract, or if the health club ceases operation at the location where the buyer entered into the contract, the buyer or his estate shall be relieved of any further obligation for payment under the contract not then due and owing. The contract shall also provide that if the buyer becomes disabled during the membership term, the buyer shall have the option of (1) being relieved of liability for payment on that portion of the contract term for which he is disabled, or (2) extending the duration of the original contract at no cost to the buyer for a period equal to the duration of the disability. The health club shall have the right to require and verify reasonable evidence of relocation, disability or

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death. In the case of disability, the health club may require that a doctor's certificate be submitted as verification and may also require in such contract that the buyer submit to a physical examination by a doctor agreeable to the buyer and the health club, the cost of which examination shall be borne by the health club.

Sec. 3. Subsection (a) of section 21a-218 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) A copy of the health club contract shall be delivered to the buyer at the time the contract is signed. All health club contracts shall be in writing and signed by the buyer, shall designate the date on which the buyer actually signs the contract, shall identify the address of the location at which the buyer entered the contract and shall contain a statement of the buyer's rights which complies with this section. The statement must: (1) Appear in the contract under the conspicuous caption: "BUYER'S RIGHT TO CANCEL", and (2) read as follows:

"If you wish to cancel this contract, you may cancel by mailing a written notice by certified or registered mail to the [health club] address specified below. The notice must say that you do not wish to be bound by this contract and must be delivered or mailed before midnight of the third business day after you sign this contract. After you cancel, the health club may request the return of all contracts, membership cards and other documents of evidence of membership. The notice must be delivered or mailed to:

....

....

(Insert name and mailing address [of health club] for cancellation notice.)

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You may also cancel this contract if you relocate your residence further than twenty-five miles from any health club operated by the seller or from any other substantially similar health club which would accept the obligation of the seller. This contract may also be cancelled if you die, or if the health club ceases operation at the location where you entered into this contract. If you become disabled, you shall have the option of (1) being relieved of liability for payment on that portion of the contract term for which you are disabled, or (2) extending the duration of the original contract at no cost to you for a period equal to the duration of the disability. You must prove such disability by a doctor's certificate, which certificate shall be enclosed with the written notice of disability sent to the health club. The health club may require that you be examined by another physician agreeable to you and the health club at its expense. If you cancel, the health club may keep or collect an amount equal to the fair market value of the services or use of facilities you have already received."

The full text of this statement shall be in ten-point bold type.

Sec. 4. Section 21a-219 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) No health club contract shall have a [duration] term for a period longer than twenty-four months. If a health club offers a contract of more than twelve months' [duration] term, it shall offer a twelve-month contract. If a health club sells a membership contract of more than twelve months' [duration] term, the health club shall not collect [no] payment, in cash or its equivalent of more than fifty per cent of the entire consideration for the contract in advance of rendering services. The remainder of the cost of the contract shall be collected by the health club on a pro rata monthly basis during the term of the health club contract. Each contract shall have the prices for all contracts printed thereon.

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(b) No contract shall contain an automatic renewal clause [but may provide a] except for a renewal for a period not to exceed one month. If such contract contains such a one month automatic renewal clause, such renewal shall become effective only upon payment of the renewal price and such contract shall permit the buyer to cancel any further renewal upon no more than one month's notice. The price of any such renewal shall not increase or decrease unless the contract: (1) Discloses the amount of such increase or decrease or the method of calculating such increase or decrease in the price of such renewal, or (2) such information is otherwise provided to the buyer, in writing, no less than one month prior to such renewal. Any renewal option for continued membership [which option] must be accepted by the buyer in writing, by electronic mail or facsimile and [may] shall become effective only upon payment of the renewal price.

(c) Each health club shall post the prices and the three-day cancellation provisions, the disability provisions and the twenty-five mile moving provisions of all contracts in a conspicuous place where the contract is entered into.

Sec. 5. Section 21a-220 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

If the buyer's obligation is in the form of a negotiable promissory note, such contract shall state in boldface type on the face page of said contract that the buyer's promissory note may be discounted and sold to third parties to whom the buyer will become obligated to make full payment. The selling or discounting of a negotiable promissory note which represents the buyer's obligation under a health club service contract shall not affect the right of the buyer to cancel the contract, the method by which cancellation may be made, or the buyer's rights under section 52-572g or Section 433.1 et seq. of Title 16 of the Code of Federal Regulations, as they may from time to time be amended. When a buyer's obligation is in the form of a promissory note, the time period

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for payment of the note shall not exceed the [duration] term of the health club contract.

Sec. 6. Section 21a-221 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

A health club which intends to commence the sale of health club contracts, shall, prior to commencing sale, compile a written list of [each piece of] the equipment and each service which it intends to have available for use by buyers at the time of commencing such sale and shall submit a copy of the list to the Commissioner of Consumer Protection. Such list, as may be updated from time to time, shall be included in any health club contract. No health club shall be considered fully operative or established until substantially all of the equipment and services so listed are actually available for use by buyers. Each individual place of business of each health club shall be fully operative or established prior to commencing the sale of health club contracts.

Sec. 7. Section 21a-223 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Each individual place of business of each health club shall obtain a license from the Department of Consumer Protection prior to the sale of any health club contract. Application for such license shall be made on forms provided by the Commissioner of Consumer Protection and said commissioner shall require as a condition to the issuance and renewal of any license obtained under this chapter (1) that the applicant provide for and maintain on the premises of the health club sanitary facilities; (2) that the application be accompanied by (A) a license or renewal fee of two hundred dollars, (B) a list of [each piece of] the equipment and each service which the applicant intends to have available for use by buyers during the year of operations following licensure or renewal, and (C) two copies of each health club contract

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which the applicant is currently using or intends to use; and (3) compliance with the requirements of section 21a-226. Such licenses shall be renewed annually. The commissioner may impose a civil penalty of not more than three hundred dollars against any health club that continues to sell or offer for sale health club contracts for any location but fails to submit a license renewal and license renewal fee for such location not later than thirty days after such license's expiration date.

(b) No health club shall (1) engage in any act or practice which is in violation of or contrary to the provisions of this chapter or any regulation adopted to carry out the provisions of this chapter, including the use of contracts which do not conform to the requirements of this chapter, or (2) engage in conduct of a character likely to mislead, deceive or defraud the buyer, the public or the commissioner. The Commissioner of Consumer Protection may refuse to grant or renew a license to, or may suspend or revoke the license of, any health club which engages in any conduct prohibited by this chapter.

(c) If the commissioner refuses to grant or renew a license of any health club, the commissioner shall notify the applicant or licensee of the refusal, and of his right to request a hearing within ten days from the date of receipt of the notice of refusal. If the applicant or licensee requests a hearing within ten days, the commissioner shall give notice of the grounds for his refusal and shall conduct a hearing concerning such refusal in accordance with the provisions of chapter 54 concerning contested matters.

(d) The Attorney General at the request of the Commissioner of Consumer Protection is authorized to apply in the name of the state of Connecticut to the Superior Court for an order temporarily or permanently restraining and enjoining any health club from operating in violation of any provision of this chapter.

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Approved July 1, 2005